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C O N F I D E N T I A L SECTION 01 OF 02 KUWAIT 001588

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STATE FOR NEA/ARP, EB/ESC/TFS; NSC FOR KIFAYAT, TREASURY
FOR KRISTEN HECHT

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TAGS: ECON KU PGOV PREL PTER KTFN

SUBJECT: TERROR FINANCE: REPORTED PROGRESS IN DOMESTIC
OVERSIGHT OF CHARITABLE DONATIONS

Classified By: Charge d'Affaires Alan G. Misenheimer for Reasons 1.4 (b)
) and (d)

¶1. (C) Summary: A/DCM and Econoff met recently with Nasser Al-Ammar, Director of the Charities and Philanthropic Department at the Ministry of Social Affairs and Labor (MOSAL) to discuss GOK efforts to strengthen oversight of Kuwaiti charity organizations. Al-Ammar was encouraged by the progress made this year in monitoring the collection of charitable donations. He noted that fewer violations by charitable organizations were reported this year. MOSAL formed a specialized follow-up team to provide extra scrutiny during Ramadan (mid-September thru mid-October this year) to ensure all organizations are acting in accordance with MOSAL regulations. Al-Ammar said fewer violations by charitable organizations were observed during this year's Ramadan and explained the actions taken when violations were discovered. He added that MOSAL and MFA have taken initiatives to ensure MOSAL is kept abreast of international developments involving the activities of Kuwaiti charitable organizations abroad.
End Summary.

Collection Monitoring Plan "Successful"

¶2. (C) Nasser Al-Ammar, Director of the Charities and Philanthropic Department at the Ministry of Social Affairs and Labor (MOSAL), told A/DCM and Econoff during an October 10 office call that a MOSAL initiated project for prohibiting the collection of cash donations that was implemented three years ago has proven to be successful this year. The project was started as part of the GOK's efforts to improve its monitoring of the flow of donations collected by GOK approved charitable organizations. Although the plan was not successful in the last two years, Al-Ammar stated that MOSAL overcame previous obstacles and implemented a successful plan this year. Donations were collected by a voucher system and through electronic bank transfers. Official advertisements were also published in the newspapers instructing the public on how to make charitable donations.

¶3. (C) Al-Ammar also noted that this year a follow-up team was created to monitor and supervise the activities of authorized charitable organizations in both mosques and headquarters offices. A specialized team was also formed during Ramadan to ensure compliance with MOSAL's regulations. He pointed out that all donations must be made in GOK-authorized mosques and at GOK-approved charitable organization headquarters, which makes it easier for the team to monitor all activities.

Tracking the Donations

¶4. (C) Al-Ammar explained how MOSAL regulates and tracks the transfer of money to beneficiaries. All charitable organizations are required to provide MOSAL a report of donations collected and statement of beneficiaries 30 days after designated collection dates. All money must be transferred through authorized banks approved by the Central Bank of Kuwait (CBK). CBK is responsible for tracking all funds transferred by the charitable organization. MOSAL informs the legal department of the Ministry of Foreign Affairs when they receive the reports from the organizations and MFA in turn follows up on the flow of money out of country.

¶5. (C) While not his area of oversight, Al-Ammar said he had no reason to believe that money collected locally and sent abroad by Kuwait's charitable organizations was being used against the interests of those host governments. He contended that all previous investigations involving Kuwaiti charitable organizations abroad had been closed, and he had not heard of any new investigations. While projects were underway in many countries overseas, Al-Ammar said he knew of no charitable projects funded by Kuwaitis in Iraq.

¶6. (C) Al-Ammar explained that the GOK had made efforts over the years to end direct cash collection so that financial transactions involving charitable organizations could be more easily tracked. Since 2002 the GOK has banned use of cash collection boxes and allowed only approved charitable organizations to collect money and only at certain times of the year. All money must go through authorized bank accounts tracked by the Central Bank of Kuwait, and MOSAL must approve the method by which money is collected.

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Observed Violations

¶7. (C) Al-Ammar noted that only minor violations were observed during this year's Ramadan. These included organizations advertising for donations without authorization from MOSAL, non-compliance with the approved method of collecting donations, and acceptance of second-hand clothing as a type of donation. Al-Ammar insisted that MOSAL will take action in any case of a reported violation. The first step is an official letter sent from MOSAL to the organization responsible for the violation. MOSAL also requests a meeting with the organization's legal representative. If the violation is major, Al-Ammar meets with the chairman of the violating organization and inquires about the reason for the violation. If a violation is repeated, MOSAL will ban all financial support and refer the violation to the legal authorities for investigation. If the organization is found guilty, the board of directors will be dissolved and the charitable organization shut down. He noted that while violations have been discovered and addressed, none have been deemed serious enough to warrant shutting down the NGO.

MOSAL and MFA Cooperation

¶8. (C) Al-Ammar stressed that MOSAL and the MFA coordinate closely in the monitoring of charities. If a major violation is discovered by MFA abroad, the MFA informs MOSAL directly. Al-Ammar said he stays in regular contact with MFA Director of Coordination and Follow-up Ambassador Khalid Maqamis to discuss charity oversight issues. Al-Ammar led the formation of a joint committee made up of government and charitable organization officials. The members include MOSAL, MFA, the Ministry of Interior, the Ministry of Awqaf, Zakat House, the Public Foundation of Awqaf, and the International Islamic Charitable Organization. The committee meets every two weeks. Communication between MOSAL and MFA is also frequently conducted at the ministerial level, Al-Ammar said.

Comment

¶ 9. (C) While we are pleased to see apparent progress in tightening up loose ends and vulnerabilities on the domestic side of the monitoring of charities by the GOK, we retain serious doubts about the MFA's determination and capacity to monitor the activities of Kuwaiti charities abroad. While Al-Ammar himself, whose office walls are adorned with training certificates and letters of appreciation from many senior international officials, strikes us as dedicated and adept at what he does, he has no equivalent at the MFA. Our conversations with MOSAL and the MFA on this particular differ sharply; while Al-Ammar is willing to get into the details and provide examples of how his department carries out its work, our MFA contacts offer only general assurances that Kuwaiti diplomats posted abroad understand their monitoring tasks and diligently carry them out.

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